

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

LAB-04 SIL-01 L-03 H-02 DODE-00 PA-01 PRS-01 /096 W

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P R 020225Z MAR 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 6139

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

CINCPAC

C O N F I D E N T I A L VIENTIANE 0525

DEPT ALSO PASS AID

CINCPAC FOR PTLAD

E.O. 11652: 11652: N/A

TAGS: EFIN, EAID, LA

SUBJECT: FEOF: ISSUES CONCERNING TERMINATION

REF: VIENTIANE 0489

1. AFTERNOON OF MARCH 1 EMBASSY RECEIVED CIRCULAR LETTER
IN FRENCH FROM BOUNSOUANE THAVONEKHAM, LAO REPRESENTATIVE
TO FEOF, CONCERNING FOLLOWING FEOF TERMINATION ISSUES: DOLLAR
FUNDS, COUNTERPART KIP AND FEOF PROPERTY. LETTER CONFORMS TO
GENERAL PATTERN PREDICTED REFTTEL, PARA 8, ALTHOUGH IT DOES
NOT RAISE ISSUE OF DISPOSITION OF PROFIT AND LOSS ACCOUNT.
TRANSLATION OF TEXT OF LAO GOVERNMENT'S NOTE AND EMBASSY
COMMENT ON NOTE FOLLOW:

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2. BEGIN TEXT: WITH REFERENCE TO THE LETTER OF THE MANAGING DIRECTOR OF FEOF DATED 24 FEBRUARY 1976 CONCERNING THE SITUATION OF THE FOREIGN EXCHANGE FUND (EMBASSY NOTE: HUNT'S LETTER, REPORTED IN PARA 8 OF REFTEL), I HAVE THE HONOR TO INFORM YOU THAT THE GOVERNMENT OF PDRL DESIRES THAT THE QUESTION OF FEOF BE RESOLVED AS FOLLOWS:

1) FOREIGN EXCHANGE:

- BEFORE THE DEPARTURE OF THE MANAGING DIRECTOR OF FEOF, THE WHOLE OF THE REMAINDER OF THE ASSETS IN FOREIGN EXCHANGE OF FEOF WILL BE DEPOSITED TO THE ACCOUNT OF THE GOVERNMENT OF THE PDRL.

- AS TO THE DISBURSEMENT OF THE SECOND HALF OF THE FRENCH CONTRIBUTION, THE GOVERNMENT OF THE PDRL HOPES THAT THE FRENCH GOVERNMENT WILL FULFILL ITS OBLIGATION.

2) COUNTERPART KIP:

- AUSTRALIA: THE GOVERNMENT OF THE PDRL DESIRES THAT ALL THE KIP BE DEPOSITED IN THE LAO TREASURY. THE 10 PERCENT OF THE 1975 CONTRIBUTION DESTINED FOR A DEVELOPMENT PROJECT WILL BE DEPOSITED AT THE NATIONAL BANK; THE ORDER TO RELEASE THIS MONEY FOR DEVELOPMENT WILL BE SIGNED JOINTLY BY THE TWO PARTIES (LAOS AND AUSTRALIA).

- FRANCE: COUNTERPART KIP GENERATED BY THE FIRST PORTION OF THE FRENCH CONTRIBUTION: THE GOVERNMENT OF THE PDRL HOPES THAT THE FRENCH GOVERNMENT WILL MAKE A GIFT OF THESE TO LAOS.

COUNTERPART KIP FROM THE SECOND HALF OF THE FRENCH CONTRIBUTION WILL BE KEPT IN A SPECIAL ACCOUNT FOR THE PURCHASE OF EXCHANGE.

- JAPAN: THE COUNTERPART KIP WILL BE KEPT IN A SPECIAL ACCOUNT. THE RELEASE ORDER FOR A DEVELOPMENT PROJECT WILL BE JOINTLY SIGNED BY THE TWO PARTIES (LAOS AND JAPAN).

- UNITED KINGDOM: THE TOTALITY OF THE COUNTERPART KIP WILL BE DEPOSITED TO THE LAO TREASURY. TEN PERCENT OF THE 1975 CONTRIBUTION

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AND THE REMAINDER OF THE 10 PER CENT OF THE 1974 CONTRIBUTION DESTINED FOR DEVELOPMENT WILL BE KEPT IN A SPECIAL ACCOUNT. THE RELEASE ORDER FOR DEVELOPMENT WILL BE JOINTLY SIGNED BY THE TWO PARTIES (U.K. AND PDRL).

- UNITED STATES: THE GOVERNMENT OF THE PDRL ASKS THAT THE TOTALITY OF THE COUNTERPART KIP BE TURNED OVER TO THE LAO TREASURY.

3) THE PROPERTY OF FEOF:

- THE GOVERNMENT OF THE PDRL ASKS THAT ALL THE PROPERTY OF FEOF BE TURNED OVER TO THE MINISTRY OF FINANCE OF THE PDRL.

COMPLIEMENTARY CLOSE. SIGNED: BOUNSOUANE THAVONEKHAM,
LAO REPRESENTATIVE TO FEOF. END TEXT.

3. COMMENT: LETTER CONTAINS SEVER ANOMALIES. ALTHOUGH QUESTION OF DISPOSITION OF PROFIT AND LOSS ACCOUNT WAS COVERED IN FEBRUARY 24 DAB MEETING ATTENDED BY BOUNSOUANE (SEE REFTEL, IT IS NOT SPECIFICALLY INCLUDED IN BOUNSOUANE'S LETTER. HE MAY HAVE INTENDED THAT PROFIT AND LOSS ACCOUNT BE INCLUDED IN SECTION OF HIS LETTER WHICH TOUCHES ON DISPOSITION OF FOREIGN EXCHANGE. AUSTRALIA'S DESIRE TO HAVE 1974 AS WELL AS 1975 COUNTERPART KIP SET ASIDE IN FUND FOR DEVELOPMENT PROJECTS (SEE REFTEL, PARA 3) IS NOT NOTED IN BOUNSOUANE'S LETTER. AUSTRALIAN REP WILSON DOUBTS THIS WILL BE A STICKING POINT FOR HIS GOVERNMENT, HOWEVER. WILSON SAID THESE KIP FUNDS WERE TO HAVE BEEN USED IN SUPPORT OF AUSTRALIAN FORESTRY PROJECT, WHOSE FUTURE IS, IN ANY CASE, UNCERTAIN. FRANCE HAS NOT MADE A GIFT OF ITS COUNTERPART KIP TO PDRL IN PAST, AS IT IS ASKED TO DO WITH COUNTERPART KIP GENERATED BY FIRST HALF OF 1975 FRENCH CONTRIBUTION. HOWEVER, WE HAD EXPECTED PDRL WOULD ASK THAT ALL COUNTERPART KIP GENERATED BY U.S. CONTRIBUTIONS BE TURNED OVER TO LAO TREASURY, SINCE USG HAS NOT, IN PAST, USED THESE KIP. END COMMENT.

4. ACTION REQUESTED: REQUEST INSTRUCTIONS ON ASPECTS OF TERMINATION OF FEOF RAISED IN LAO GOVERNMENT NOTE AND IN VIENTIANE 0489 AND 032.

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 02 MAR 1976
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ullricre
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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Errors: N/A
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Margaret P. Grafeld
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